

1/5/2009

0001 30150077  
TASK 2826  
cc: wayne  
RECEIVED  
JAN 12 2009  
DIV. OF OIL, GAS & MINING

Dear Paul;

This letter is in response to the on site meeting that we, (You, Chris Conrad of the BLM and myself) held at the Carnotite West Uranium mine in Emery County. After the meeting, I expected to hear from UDOGM requesting any further information required to complete the Revised Notice of Intent that I filed in April of last year. As I have not heard from UDOGM concerning that meeting, I will present here changes to the Revised NOI that should meet with UDOGM concerns. I believe that this information should enable UDOGM to approve of the Revised NOI submitted. My understanding of that meeting is that four items were discussed and tentatively agreed upon.

1. That as described in the Request for Variance included in the Revised NOI there is no source of usable topsoil on the mine site and that mine waste dump material will support a variety of native vegetation. Therefore the requirements to strip and stockpile topsoil to be used later to cover mine disturbances prior to revegetation, will be waived by UDOGM.
2. That UDOGM wants the Carnotite West mine to change the revised NOI to avoid using the existing mine dump marked #4 on the diagram of the proposed disturbed area. The purpose of this is to leave the small dry wash drainage on the West side of the mine site in an undisturbed condition. In our revised NOI that is where the majority of mine waste rock was to be permanently deposited. However we agree that it would be best to change our plans and leave the small wash as it is. This will require eliminating an area 135 feet X 250 feet from the West side of the proposed disturbed area. It will also leave the existing #4 waste dump in its present unreclaimed condition after the reclamation of the mine site is completed. In order to make this change viable to our mining operation we will also change the boundary of the proposed disturbed area to include adding an area 50 feet X 165 feet to the North East portion of the site. That addition will be used as an enlarged area to permanently place the waste rock that we had intended to place on the existing #3 and #4 waste dumps. Adding this area to the NE will also enclose some additional existing waste rock dumps within the proposed mine site. All of the existing waste rock dumps and all of the surface disturbances related to past mining activity will then be within the proposed mine site and would eventually be reclaimed. The exception will be that the existing #4 waste rock dump must be left as it is so as not to disturb the dry wash area. These changes to the revised NOI will reduce the total area proposed from 2 1/2 acres to a total of 2 acres and have been marked on the ground with green steel fence post as required by UDOGM. New mine site diagrams reflecting the changes are included.
3. You mentioned during our discussion that I would have to file the new mining plan with the BLM before UDOGM could arrive at the dollar amount of the reclamation bond that it would require. I have UDOGM documents that state that the Reclamation Bond for small mining operation is based upon the amount per acre established by past large mining reclamation plans approved by UDOGM. That amount has been determined by UDOGM to be \$3,500. per acre of disturbance.

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4. You recommended that I perform a radiation survey of the proposed disturbed area. I have found no reference to a radiation survey in the NOI information package and there are also no criteria for such surveys in the information sent to me by UDOGM. At your recommendation I set up a 100' X 100' grid on the mine site and made a radiation survey using my industrial geiger counter. Most of the existing mine waste dumps were found to have radiation levels of 0.04% Uranium or less. There are two exceptions. This Radiation Survey as completed will fulfill all of my needs in this area and lacking any UDOGM guidelines, should also satisfy your need to understand the elevated radiation levels in the proposed disturbed area. If UDOGM wishes to conduct their own survey the grid is still in place. As was found when you were taking radiation readings on site, the entire area has higher than background radiation levels. Some areas of the existing waste rock dumps also have slightly elevated radiation levels. None of this should be unexpected, the mine site is on the Colorado Plateau which has the highest background radiation to be found on the continent. Buckhorn Draw has a large underground uranium deposit and there are exposed surface Uranium veins within the proposed mine site. In our mining plan we proposed that most of the low grade and waste rock produced during mining operations would be backfilled into open areas and existing stopes underground. Only 10,000 tons of waste rock with less than 0.04% Uranium will be brought to the surface and permanently deposited. At the end of reclamation of the mine site, the revegetated mine waste rock dumps should have less than 0.04% radiation which is probably less than many other Uranium mining areas in the state of Utah.

Thank You,

*Ted Thompson*

Ted Thompson

Carnotite LLC

ENCLOSURES;

1. A diagram of the proposed disturbed area with attached text.
2. A revised diagram of the mine site with attached text.
3. A chart showing final grading of site after reclamation.
4. A Radiation Survey chart with attached text.

**Diagram Showing Dimension and Elevations of the Proposed Mine Site;**

This diagram is of the mine site after changes requested at the on site meeting. The changes to the proposed mine site will leave the small dry wash environment on the west side of the mining claims undisturbed by our mining activities. There are also some corner elevations shown on the diagram. The changes to the proposed mine site are 1. An area of 135' X 250' on the West side of the mine site was eliminated to protect the small dry wash area. 2. An area 50' X 175' was added to the North East side of the mine site. These two changes leave a disturbed area of 2 acres. The elimination of 135' on the west was requested by UDOGM at the on site meeting. The addition of 50' on the NE will bring some existing waste dump material into the mine site. With these changes all of the existing waste rock dumps and surface disturbances from past mining operations will be within the proposed mine site and will be reclaimed at the end of mining.

# Carnotite West Mine

Uranium ~

Disturbed Area  
40,000 sq. Ft.  
2 acres

Scale 1" = 50'

● steel fence post

~ Dry Wash

--- Existing Road

Site  
Plan  
Dimensions



# Carnotite West Mine

Uranium ~

Disturbed Area  
90,000 sq ft  
2 acres

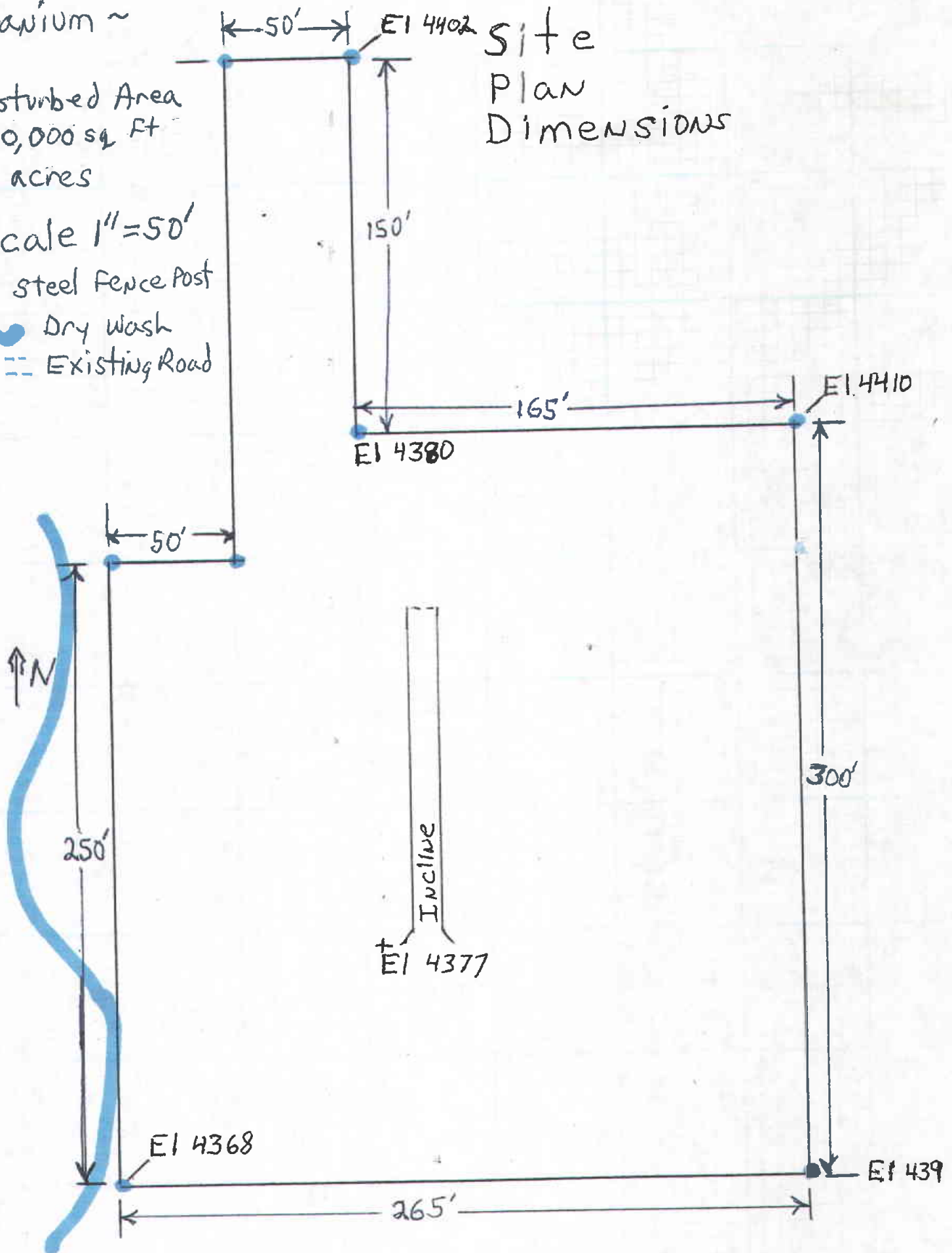
Scale 1" = 50'

● steel fence post

~ Dry Wash

--- Existing Road

Site  
Plan  
Dimensions



#### Revised Mine Site Diagram;

This diagram replaces the Mine Site Diagram that was included with the Revised NOI. The diagram shows all of the surface disturbances from past mining and also shows our revised plan to put all waste rock into the NE corner of the area. All of the surface installations that will be used for the Carnotite West mining support are shown.

#1 This area is composed of a layer of waste rock that is the east bank of the dry wash and is currently heavily vegetated. The waste rock is also the road base of the Emery County road EM 1079 that accesses our explosive magazine and then continues on North out of the mine site. This area will not be disturbed during mining and because of the volunteer native vegetation already growing will not require any sort of grading or seeding for reclamation.

#2 This area has scattered piles of existing waste rock and nearer to the existing mine incline are two small waste rock dumps. For the present these will remain where they are and no new material will be placed there by Carnotite west mining operations. During reclamation these small dumps will be pushed to the south and east to help back fill the area around the incline. It will be graded and then seeded as part of the overall reclamation of the mine site.

#3 This is a small existing waste rock dump just to the South of the incline in the South West corner of the mine site. The SW corner is the lowest point on the mine site area and all drainage flows naturally to this point and then into the dry wash. We will use this mine dump as a ramp to load ore trucks. However we will not add any material from our mining operations to this dump. At the time of reclamation the waste rock from this dump will be pushed to the North East to back fill the incline and sloped to the NE with the rest of the waste dumps.

#4 This is the existing waste rock dump that is situated in the bed of the dry wash outside of the revised mine site it will be left as is. There will be no use of heavy equipment during reclamation of this dump. Carnotite West will not operate in this area and will not add any material to this waste dump. It will be hand dressed prior to being seeded.

#5 In this area are several large existing waste rock dumps. This is the area where all of the waste rock from Carnotite West mining operations and from past mining will be placed permanently.

The North East corner of the mine site is 200' X 165' and has enough area to place 40,000cu yds of waste rock. The existing dumps presently contain approximately 11,000cu yds. As previously stated in the mining plan and in our Revised NOI we will bring approximately 10,000cu yds of waste rock to the surface. This is a total of 21,000cu yds of waste rock to be used to back fill the incline and the remainder to be permanently stored in this NE corner of the mine site. Reclamation will slope all of the waste dumps to drain to the south west corner of the mine site.

#6 This area will be used to park two small camp trailers. One is for an office, the other for a miners change room, portable toilets and other facilities as shown on the diagram. Use of this area will be foot traffic only. The reclamation of this area will be by hand dressing and seeding.

#7 This is the small low grade ore dump mentioned previously. All of this material will be removed and placed underground in abandoned mine headings. The area will be hand dressed and then seeded at the same time as area #6.



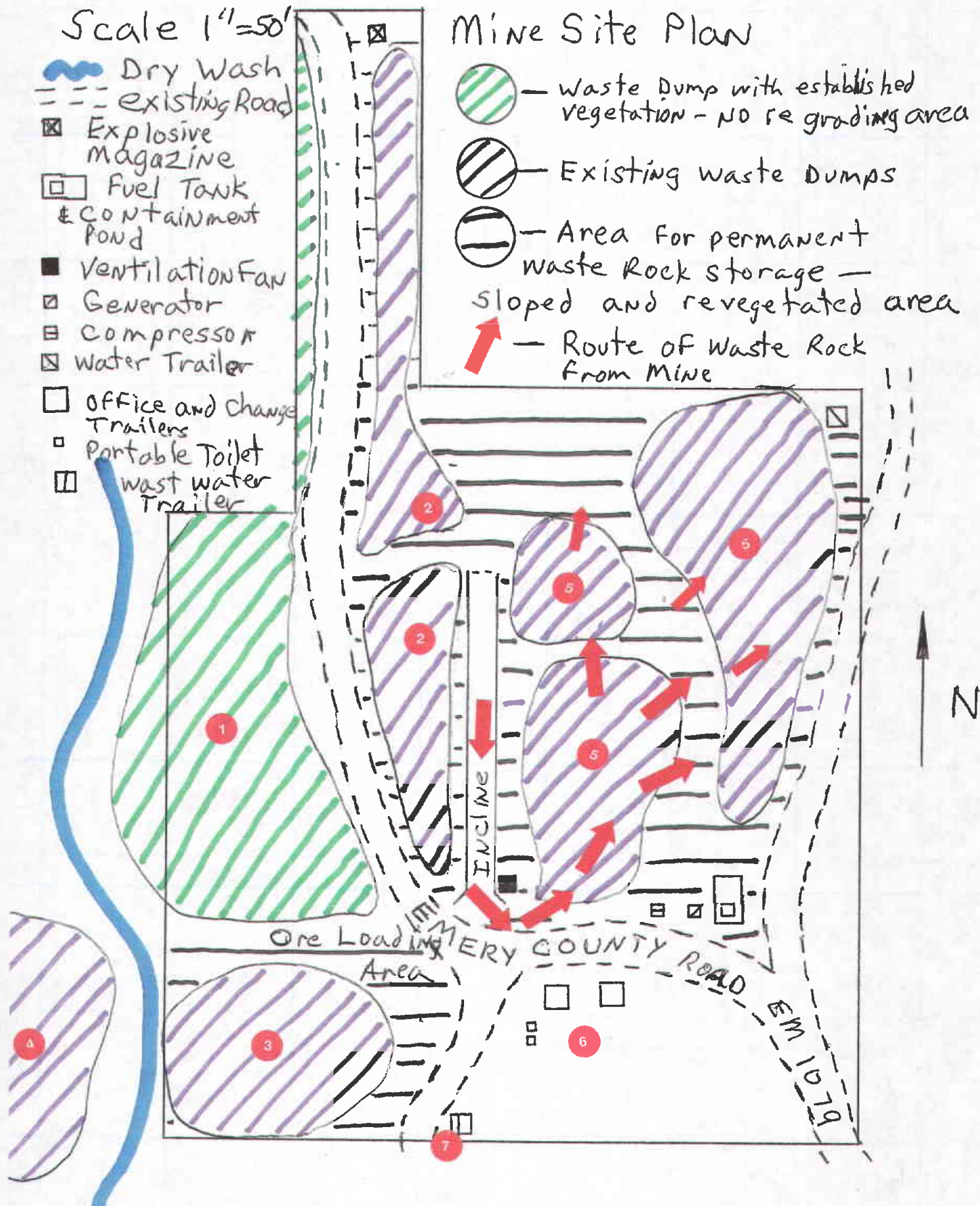
# Carnotite West Mine

Scale 1"=50'

## Mine Site Plan

- Dry Wash
- Existing Road
- Explosive Magazine
- Fuel Tank & Containment Pond
- Ventilation Fan
- Generator
- Compressor
- Water Trailer
- Office and Change Trailers
- Portable Toilet
- Waste Water Trailer

- Waste Dump with established vegetation - no re grading area
- Existing waste Dumps
- Area for permanent waste Rock storage - sloped and revegetated area
- Route of Waste Rock from Mine





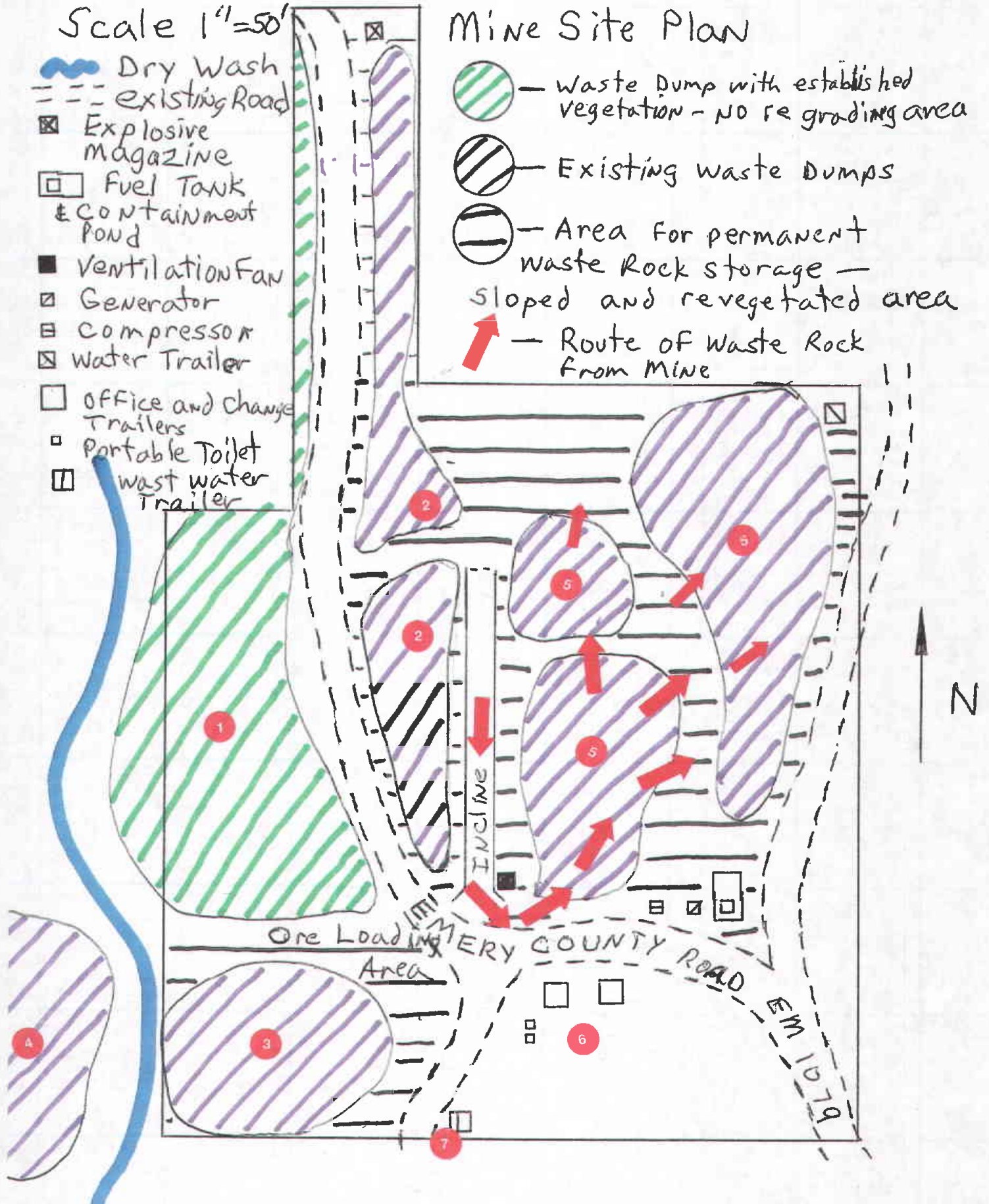
# Carnotite West Mine

Scale 1"=50'

## Mine Site Plan

- Dry Wash
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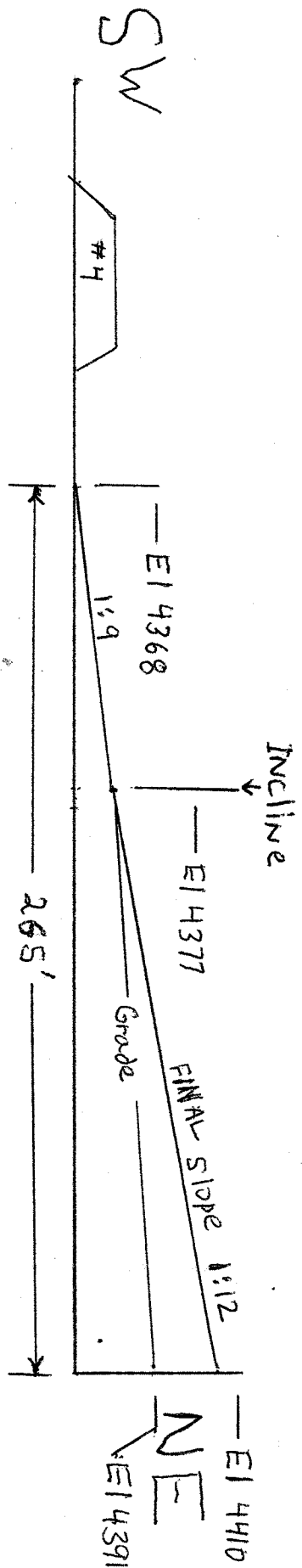


**Slopes After Reclamation;**

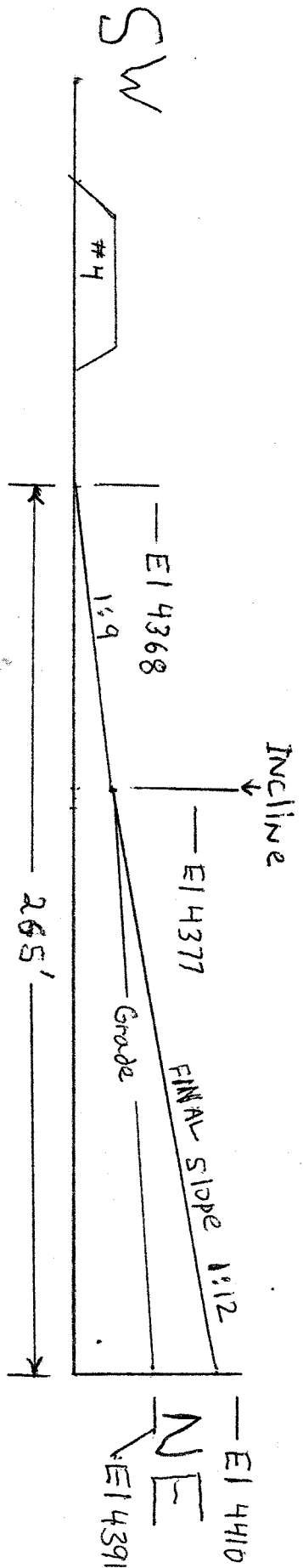
The mine site area slopes naturally to the South West corner. When back filling the incline and grading the waste dumps to be left on site this natural flow will maintained. This will be done by pushing the material from the NE to the SW of the mine site. The steepest slope is 1:9 in the SW which is the natural surface grade of that area. The consolidated waste rock dumps in the NE corner will slope at 1:12.

**Radiation Survey Diagram;**

# Carnotite West U Mine Slopes after Reclamation



# Carnotite West U Mine Slopes after Reclamation



#### Radiation Survey Diagram;

This diagram shows the results of a radiation survey of the proposed mine site done in October of 2008. A simple 100' X 100' grid was established on the mine site and an industrial Geiger counter with a percentage scale was used to monitor radiation levels at each point on the grid. No indications of radiation was found in any areas of the dry wash. All of the grid point on the East side of the mine site are on the Brushy Basin formation and none of them showed any indication of radiation. There is an area in the NW of the mine site where there is approximately 60 tons of low grade ore that has a 0.10% radiation level. This is in association with an exposed 0.25% Uranium vein. Once mining begins we will transport this low grade ore underground for disposal in the back fill areas. There is not much we could do about the exposed Uranium vein except to bury it with waste rock during reclamation. The second existing low grade ore area has 50 tons of slightly higher radiation (0.10%). This area straddles the South boundary of both the proposed mine site and our 8 Ball #3 mining claim. The removal of all the low grade poses possible conflicts with the claim owners to the South of our mining claims as half of it is on their mining claims. This low grade ore will also be brought underground for permanent disposal. The other grid points were in existing waste rock areas and most showed levels of 0.02% and 0.04% . At the time of reclamation only waste rock with less than 0.04% will remain on the surface. Any material found with a higher count will be back filled underground.

# Carnotite West Uranium Mine ~

Radiation  
Survey 11-23-08

Disturbed Area  
2 acres

Scale 1" = 50'

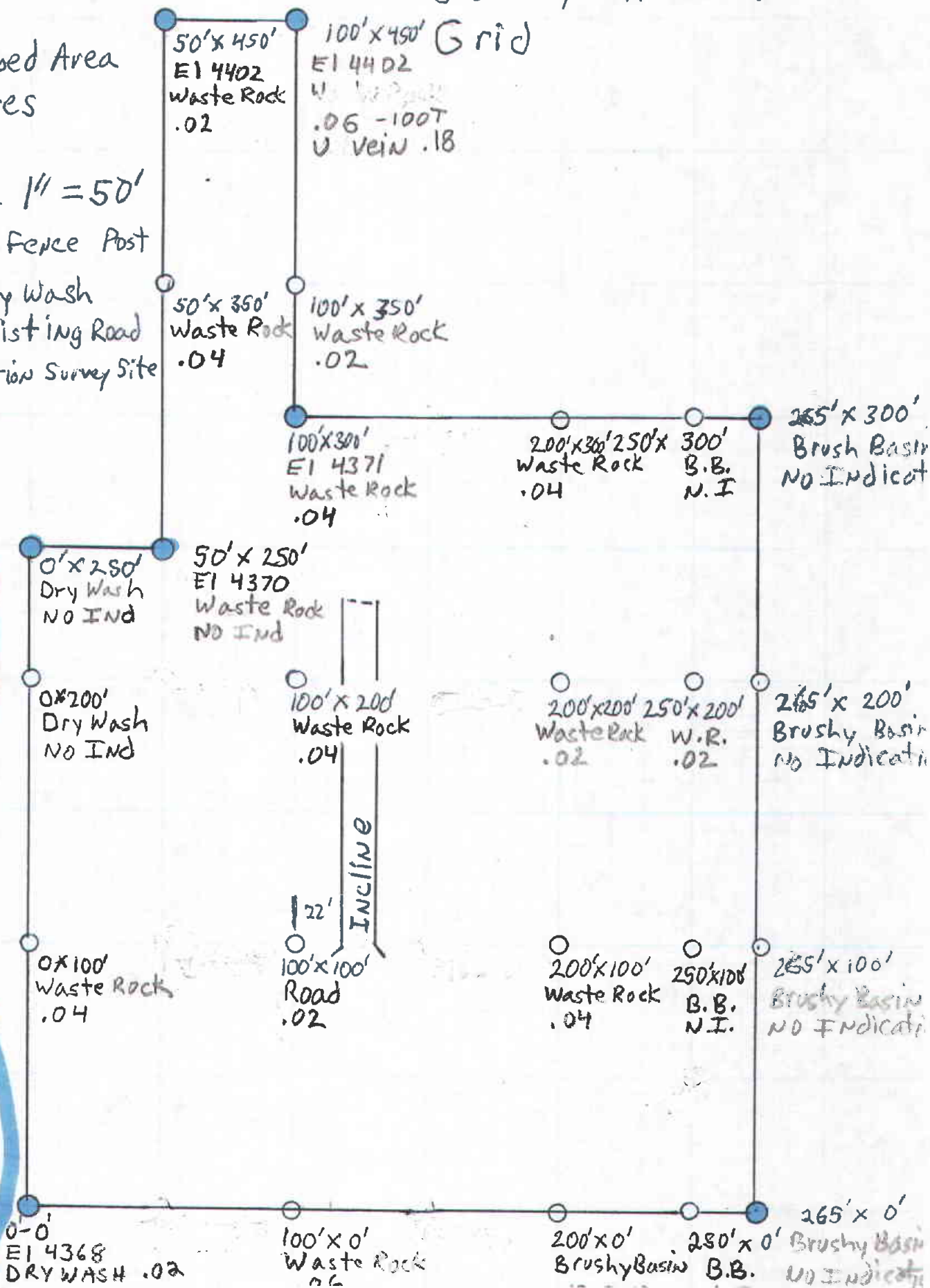
● steel Fence Post

~~~~~ Dry Wash

--- Existing Road

○ Radiation Survey Site

Grid





# Carnotite West Uranium Mine ~

Radiation Survey 11-23-08

Disturbed Area  
2 acres

Scale 1" = 50'

● steel Fence Post

~ Dry Wash  
--- Existing Road

○ Radiation Survey Site

Grid

